THE UNITED STATES' POSITION AND POLICIES IN LATIN AMERICA

by

Honorable Edward G. Miller

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MR. DURBROW: Some years ago a colleague of mine in the Service was finally forced to resign because of the very frank way he talked about his boss. His boss was a very nice man, I understand, very rich, he had been born and bred in the dairy business, but he was extremely dumb and put his foot in it all the time. And all my friend did was go around to the Diplomatic Corps and say, "The motto of this fellow's family is: All I have I owe to 'udders'."

In great contrast to that, our speaker today is very highly qualified for his job. As you know from his biography, he was born in Puerto Rico and spent his boyhood in Cuba. He has had very many important jobs in the State Department, and recently he returned from two or three extensive tours in Latin America. Therefore, he is highly qualified to talk to us on American practices and policies in Latin America.

It is with great pleasure that I introduce Mr. Edward Miller, Assistant Secretary of State for Inter-American Affairs.

MR. MILLER: Mr. Durbrow's remark about the cows reminds me of a statement that my present boss, the Secretary of State, was recently quoted as having said, namely, "All that I know today I learned at my mother's knee and other low joints." One of the joints at which I learned a few things in my early days in the diplomatic racket was in the office of Mr. Durbrow. He gave me a few good lessons on skepticism during the early days of the war for which I am indebted to him.

I was originally scheduled to speak on some rather lofty topics

having to do with the general subject of inter-American relations. Now, I did not consider myself well enough qualified to try to discuss those topics today, particularly in a group as distinguished as this, and one that contains another professor of mine, Mr. Robert Woodward, who was our Deputy of Inter-American Affairs, and whom we tried desperately to keep in our midst, only to let him come over here in accordance with his desires, so I thought today, since I am still in a sense a student, having been in office less than five months, I would try to review with this class some of the things I am in the process of learning about my job in the State Department.

The first thing you try to learn about your job is what it is you are supposed to do and why do you do it. I think it is quite clear what the primary purpose of our foreign policy is after you think about it for a while, and that is, as the Secretary of State said in his speech on Latin American policy in September, "The security of our own country and the neighboring countries."

In the case of Latin America our objective, and what the people want us to do, is to have good relations with Latin America. Now, good relations with the countries in and of themselves are all right in the abstract, but our taxpayers don't support a government of our size because of any abstract ideas. Therefore, we want to have good relations for some specific purpose. In the case of Latin America I take it -- I have heard this confirmed in the Defense departments, so I take it as gospel -- that what we want is to be sure of their co-operation in time of war for the purpose of access to strategic materials, for the purpose of security of our shipping lines, because of the strategic importance of the Canal,

and because of the possibility of positive military assistance on the part of some of the countries.

Now, the way we go about that is on two levels. First, we have government-to-government programs, and then we have programs that are designed to affect the attitude of the people of the country. There are a number of times when those two lines of approach seem to be inconsistent with each other, and we are frequently faced with a considerable dilemma as to whether we should emphasize government-to-government relations or relations with people. Our government-to-government programs are primarily in the economic field through the extension of economic assistance in the way of loans for the increase in the standards of living, and indirect programs of military co-operation. Now, in the case of people, we have the Institute of Inter-American Affairs programs, and our programs of cultural co-operation.

When I took over in this job in June it came to us that our primary job in the program of good relations with Latin America was to try to overcome the psychological barrier which seems to have cropped up immediately after the war to the effect that we had forgotten about Latin America and had become preoccupied exclusively with problems in Europe and the Far East. That feeling on the part of the Latin Americans seems to me to be an erroneous one, but one in which we ourselves, at least to some extent, have participated in its creation. It seems to me to be based on a failure of analysis in a way.

During the period of 1930 to 1940, moreorless, the United States foreign policy was largely inactive. We had two positive programs -- the Trade Agreements Program and the so-called Good Neighbor Policy. Those

two programs assumed rather large proportions in view of the fact that in other fields we were not conducting an active foreign policy. By quite a contrary measure, such as the Neutrality Act, we were in effect imposing shackles on the use by the United States of its force. So, the Good Neighbor Policy assumed very large proportions in the total over-all direction of our foreign policy. I think it is important to emphasize that because during a great part of that time the Good Neighbor Policy consisted of nothing more than the elaboration of doctrine and of organization.

Today we have institutions such as the Export-Import Bank, the International Bank, the Institute of Inter-American Affairs, our Cultural Relations Program, the Voice of America, and all of those date since 1940. They are all being conducted on a plan of great intensity today. Nevertheless, we have the psychological problem with the Latin Americans. They look back on the period of 1930 to 1940 as the good old days, and they think about the men who were directing our foreign policy in those days as the people who really were concerned with the establishment of good relations with Latin America. Names such as Welles, Roosevelt, Hull and so on are associated by the Latin Americans with their problems. The reason is that they are not associated with very much else in the field of foreign relations during that time because we were not doing a great deal in other fields. That may be something of an oversimplification, but that is the problem we are faced with.

What we have tried to do is to overcome that in some measure. We have tried to overcome it, first, by having the Secretary, last September, restate the Good Neighbor Policy in a major address on Latin American

affairs. Although this was a restatement largely of the obvious, it seemed to have made a very great impression in Latin America. Among other things, I have been going on trips, and we have also tried to explain to them that the problem in Latin America in the economic field is not the same as it is in other parts of the world. There has been a disposition in our country to refer to our European Recovery Program and our assistance in other parts of the world as something we are doing on a priority basis: the implication being that if and when Latin America's turn were reached in the priority scale we would be doing something different than we are doing, which is not the case.

As I have said before, we have available to us now all of the instruments of economic co-operation that are adequate and appropriate for the job. The Export-Import Bank and the International Bank between them have availabilities of capital which far exceed the absorptive capacity of Latin America over, say, a period of many years.

The problem in Latin America in the economic field is one of trying to create a sensible economic structure; whereas, our problem in Europe has been to recreate or help in the recreation of a highly developed industrial, economic plant that has been raised gradually over a period of years. There has been a great deal of impatience in Latin America over the fact that our funds in other parts of the world are far greater than there. They feel that if we just distributed one-tenth of the funds in their country that we are distributing in Europe per year, then things would be much better off.

Well, that is based on a misconception of how economic development is brought about. One of our problems that we are constantly faced

with is that this is something that can be achieved by fiat, by resolutions of inter-American conferences, or simply by the distribution of financial largess. This is obviously not the case, and it isn't going to be that way. We are constantly reiterating that loans of public funds are not going to bring about the creation of hignter standards of living in and of themselves. That is something that has to be developed over a period of years, and I think the more intelligent people in Latin America understand that.

The Point IV Program means a number of things to them. When it was first announced, I believe they felt in Latin America that this is really it now. They thought they were going to see steel mills springing up in each country and vast loans flowing immediately. Again that is not the case. What we mean by the Point IV Program is more or less as follows: We have asked for two legislative grants of authority, and one is authority to intensify our program of technical assistance which we have carried out heretofore in Latin America largely through the Institute of Inter-American Affairs, and two is authority for the Export-Import Bank to use about half a billion dollars of its existing funds to guarantee foreign private investment in Latin America and throughout the world.

We feel the big job in Latin America in the economic field revolves around the maximum utilization of their resources. During the trip I have just taken, in which I visited five countries of Latin America, I was appalled to see the extent of nonutilization of resources. In Bolivia, for example, I heard a great deal about the difficult situation that their government is going to be faced with in the near future as a result of the decline in tin prices upon which their entire economy

depends. At the same time, we heard about all sorts of resources that are not being utilized. For instance, we heard about petroleum resources and also tin. Even very high-grade tin deposits are not being worked now because of the mere absence of legislative conditions which would create the incentive for private capital to exploit those deposits. Therefore, our problem in that sense, and one that I see increasingly as the function of the Department, is to use our persuasive efforts to help to bring about conditions in those countries which will attract private capital.

The nonutilization of resources in those countries is due, by and large, to two factors. It is due, first, to the absence of an accumulation of private savings, the lack of venture capital within those countries, and, second, to the lack of technical knowledge. Both of those lacks may be best supplied by capital from abroad, just as in the history of our economic development where the absence of those factors in our economy was supplied by resources outside of this country. However, I should say that today, almost without exception -- there are a few exceptions in particular countries -- that conditions are so adverse to private capital that there is a great reluctance to let capital from this country flow into those countries. Obviously, a corporation whose stockholders do not vote in local elections, who have no voice in the determination of policy within those countries, is a more attractive scapegoat, a more attractive object of discriminatory treatment de jure or de facto than one controlled by people in the country. In Chile we have a country that has a reputation for comparatively fair treatment of private capital, but even there we have American copper companies receiving a rate of exchange for their exports of copper which is approximately 20 or 25 per cent of what the real value

of the dollar is in that country. It is a very great means of hidden taxation. We have telephone companies and public utility companies getting treatment which, while it is actually discriminatory, nevertheless, in a de jure way, we could not protest against it. Nevertheless, it is something that does not lend itself toward the attraction of other industries.

Now, these things are entirely within the province of the country concerned. There is only a limited amount that we can do about the creation of favorable conditions of capital. The great test of diplomacy is: How far can you go in using your power? There is no doubt, I think, but that the greatest mistake any diplomat could make is to underestimate the power of this country. It is very great indeed, and it is the overriding factor in all of our relations with Latin America. We are technically one among equals in the inter-American system, but by all odds we are the most important country. Now, that imposes a great problem for us in knowing how to use the power that we have. Proposals have been introduced in Congress that provide we should in effect withhold all economic assistance in the way of loans from countries until they have signed treaties with us that guarantee favorable conditions for American private capital. We in the Department feel that that approach is inflexible and just isn't the way to go about attaining our objectives in this field. Those treaties and those conditions are only worth what the people of the country really think they are worth to them. Until people in those countries are convinced that private capital is in their interests, any efforts of ours to force this on them are not going to be very satisfactory in the long run.

Now, I have talked about economic matters at length simply because

during the time I have been in this job it is this type of problem that has occupied, I would say, approximately 90 per cent of my time. I believe it increasingly occupies more and more of the time of all of us in the Department. Our Department is no longer the same type of institution that it was even 10 years ago or nine years ago when I first came into the Department. At that time what we now call the Geographical Office of Inter-American Affairs was then very consciously called the Political Office. It was a repository of information about countries, and one which was concerned primarily with political problems and sometimes with quasi-military problems. Today we are much more of an operations office and one in which the overriding importance of these economic questions is increasingly brought home to us.

I have talked about economic co-operation, and, as I mentioned before, we must have a basic reason for doing these things. We are not going to create an institution such as the International Bank and appropriate to it three billion dollars of United States funds unless we really have a national selfinterest to be served. In the case of Latin America our whole objective is to try to weld together a friendly community of nations. We feel that that community of nations can best be welded if there exist conditions of democracy which in turn we feel depend upon higher standards of living and highter purchasing power. Democracy, as the term is applied to many of those countries, is unrealistic, particularly if you think about it the way we think about democracy in this country. And yet, it is something that is so important in their own minds that that must be our banner in dealing with them, and we must be able to point to the fact that we are doing something positive in the way of achievement.

Now, obviously we are in the midst of a struggle with a competing ideology. Perhaps Mr. Durbrow would think I was being excessively polite in calling it an ideology, but anyway it is a competing force in the world which has a degree of a foothold in Latin America. Now to offer the Latin Americans, who have, in many cases, a standard of living which is so far below ours as to be invisible from where we stand, solely a negative program of anticommunism would, in my opinion, be a disastrous course for us to follow. To talk to a Chilean laborer or a Peruvian Indian, who lives at or below subsistence, of anticommunism doesn't make any sense at all. To us a trip from here to Moscow is a trip downhill, but to them it is probably something which would look pretty good. I don't mean to say we are embarked on a program of purchasing friendship. I think our lending program in the past, when fully administered, has proven inclusively that friendship is a product that is not on the market. But through efforts such as our health and sanitation program, our food production program of the Institute of Inter-American Affairs, through our industrial schools that we are helping to run down there, and through a program of assisting in the development of the natural resources, I believe we are doing something different than purchasing friendship. We are actually going to the people and helping to create conditions of attraction to our system as against any other system.

When I was in Chile recently, I visited a health center that was being run by the Institute of Inter-American Affairs in co-operation with the local Department of Public Health. It was located in a very poor workers' suburb near Santiago. This place is a part of the world that has one of the highest tuberculous and venereal disease rates imaginable,

and it was one of the centers of Communist activity in Chile. We moved in with this health center, and the Communists, who had gotten into the routine of attacking everything we were doing abroad as a Yankee imperialism, sort of by rote, continued to use the same term naturally in attacking this health center, and the result was to bring ridicule on them in a way they had never exposed themselves to before. That is one example among many.

Now, I started out before by saying that sometimes a program of working with the people seems to conflict with our program of working with governments. That brings us to what is a very thorny problem in inter-American relations and one about which a great deal has been said in connection with Panama -- that is, under what circumstances do we maintain diplomatic relations with other countries? For years the United States, since the days of Thomas Jefferson, maintained the thesis that diplomatic relations was something we had, out of necessity, as a channel to conduct our government-to-government business with other nations. We began to depart from that during the days of President Wilson, and we deviated from it again during the war in connection with our dealings with Argentina and Bolivia. In our opinion, that policy has proven to be a policy of futility. When we withdraw our ambassadors from other countries, we are withdrawing our strongest men. We are taking the negative step of imposing shackles on the use by us of our power within that country. But at the same time when you have a freely elected government and it is knocked over particularly through the use of force, then there is for us, necessarily, a symbolic effect that you cannot get away from in the act of establishing diplomatic relations with that government. There are many Latin Americans who are just not persuaded that we are proceeding in a democratic manner in

accordance with our traditions when we establish diplomatic relations with, for example, the present military junta in Peru with which I am sure very few military men in this room would find a great deal in common. Nevertheless, we are pursuing the policy in general that diplomatic relations are something you maintain as a matter of course. We are trying to ventilate, as much as possible, this aspect, that diplomatic relations do not connote approval. We have a long job of education to do in this respect, and in the past different administrations of our government have followed so many different courses in connection with this matter that the educational problem is extremely difficult.

Now, I am convinced of the correctness of our present policy, and I am more convinced of it than ever after having recently visited two of the countries in Latin America, the recognition of those governments by us was a source of very great controversy when we did it, namely, Peru and Venezuela. It would be completely unthinkable for us not to have diplomatic relations with Venezuela at this time where we have virtually the most important oil reserves, outside of our own borders, in the world.

When I was in Chile recently, I had a talk with the President of Chile as to whether I thought that it would be a desirable thing for Chile to re-establish diplomatic relations with Venezuela. So far they have not done so on the grounds that Venezuela is not a democratic country, and in Chile they don't like the way the present regime came into power. The President of Chile said a very significant thing to me at the time. He said, "It is perfectly simple for us to stand on principle because we have no relations with Venezuela." In that case there is virtually no trade between Chile and Venezuela. So, in that case the act of recognition

is in fact a symbolic act, one that has virtually no other importance. So, he said, "I think I can afford to stand upon principle."

Now, entirely aside from that aspect of the problem, I think there is the first aspect, namely, that we feel that to maintain an ambassador in a country such as Venezuela is the most effective arm we can have for the promotion of our democratic institutions. The mere fact that our man is there and our embassy is functioning is a constant reminder of our desire that this temporary situation should be remedied.

I was supposed to speak originally about the inter-American system, and I did not do that because I am not as expert on some of the documents and the bases of the inter-American system as you. When I saw the reading list that had been prescribed for the class, I decided that prudence was the best course for me to follow. Needless to say, we place very great importance upon the inter-American system as culminated in the Rio Treaty and the Bogota Charter for the Organization of American States. The Rio Treaty has been ratified by all the countries of Latin America except Argentina, Bolivia, Peru, Ecuador and Guatemala. We are hopeful that it will be ratified by at least two of those countries in the fairly near future. We feel the commitment of collective action in that treaty is of real substantive importance to our country, and we are certainly in a far more advanced position than we were on December 7, 1941 when the collective responsibilities of this group of nations were nebulous to say the least, and when action on their part in joining us in a state of war was something that depended to a great extent on chance.

Even beyond that, the inter-American system has been a great force for the solution of conflicts within our own Hemisphere, and it has

shown its real importance very effectively this year on several occasions. Of course, the scope of conflicts or potential conflicts that have developed within the Hemisphere are pretty small compared with the terms that you gentlemen are used to considering in modern warfare. For example, a border incident between Costa Rica and Nicaragua can be brought about through the movement of 40 or 50 men. So, when our inter-American system is successful in solving a conflict or potential conflict of that kind it may not seem very important, and yet during the last couple of years it has been very effective. I think the progress that has been made in the last six months in calming down this state of tension that had existed in the Caribbean has been really a worthwhile demonstration of the effectiveness of our system and of regional co-operation on this scale.

Of course, we are constantly faced with rumors of potential military activity of one kind or another which is very difficult to assess. For example, in the southern part of the Continent we hear constant reports about impending Argentine aggression. In the last Bolivian revolution, which occurred in the last part of August and September, we received numerous complaints from the Bolivian government to the effect that the Argentine government was abetting the revolution. The Bolivian complaints were supported by the Chileans who have also complained from time to time over potential or more concrete Argentine designs on them. To date we have not seen very definite proof of any such activities on the part of Argentina. It may be that the Argentine government would prefer to see a government more to its liking in those other countries, and it may be that they have been, from time to time, negligent in their policing of the activities of Bolivian exiles within

their borders. I seriously doubt that it goes any further than that.

On the contrary, we have seen from Argentina recently a sincere demonstration of interest in the inter-American system. During the consideration of the Caribbean difficulties, the Argentine representatives on the Organization of American States made a very great contribution to the success of the proceedings. The last one was the consideration of the invasion of the Dominican Republic which culminated on September 14th in the declaration of 14 points. In that case the Argentine delegate made a very great contribution in reaching a solution. He took the lead in bringing about the acceptance of a statement that if applied to his own country in its purported or alleged activity in the southern part of the Hemisphere would be a tremendous indictment against such activities.

I think the fact that we have much calmer relations between ourselves and Argentina today is to a very great extent the fruit of our common participation in the Organization of Inter-American States. And even though Argentina has not ratified the Rio Treaty, the mere fact that they have signed it and the Rio Treaty is there is to some extent a guarantee that they are going to abide by its provisions. Of course, Argentina has for many years been a very special problem in inter-American affairs. They feel, and with a great deal of justification, that they are a far more wealthy country, a more homogeneous country than any other country in Latin America. Therefore, they have aspired in rivalry as against us. I think that is an entirely understandable desire on their part, and I have told the Argentine Ambassador that it seems to me entirely logical that they should have a very important position in inter-American relations.

At the moment we make no claim for a sole position anywhere in the Hemisphere. I am hopeful that we are going to have a more effective working relationship with Argentina from now on. There are indications that recently they have begun to understand that this policy of setting themselves up as a third force in the world is a futile thing for a country of 15 million people to embark upon, and their future really depends on establishing close relations with the United States. To that end they have set up recently an economic commission which has been exploring with us ways and means of increasing their trade with the United States, and we are confident, although conversations are still going on, that they may reach a very satisfactory result.